

Assessment of Value

Advisory Portfolio Services (APS)

FOR YEAR ENDED 31 DECEMBER 2023



UK ADVISER USE ONLY

SPECIALISTS IN INVESTMENT MANAGEMENT

Welcome to the Quilter Cheviot annual assessment of value report

We produce our assessment of value report to provide both existing and potential clients with the results of our annual assessment of the value of our services and to provide insight into the activities we have completed during the period.

The report has been compiled in line with Quilter Cheviot's current understanding of the requirements set out by our industry regulator, the Financial Conduct Authority, and we have embraced the ideals it represents and the monitoring required to support our conclusions, as a permanent and ongoing part of our business culture.

It should be noted that this is the second year this report has been compiled in this way, and it is expected to develop and be enhanced over time.

Based on the assessment work conducted by Quilter Cheviot, the outcome of the assessment is that the Advisory Portfolio Service continues to offer our clients good value for money.



Andrew McGlone
Chief Executive

Advisory Portfolio Service (APS) assessment of value basis

Overview

This document seeks to demonstrate how the APS provides value for a client based on our assessment against the 5 pillars we have chosen, and the methodology explained below.

The five key areas are based on the areas identified in the FCA Consumer Duty rules (PRIN rules) and to avoid being too subjective, most of the topics are items that can be measured. The report is produced internally, and has been subject to challenge by our Governance function, Executive Committee and by our Board which includes Non-Executive Directors.

Brand

It is our belief that the perception of value also extends to the client and their adviser's view on the strength and culture of the firm that they are dealing with. Quilter Cheviot's focus on providing exemplary personal service and our drive to build and preserve the wealth of clients has been more than 250 years in the making. We are proud that this continues today and is demonstrated in long-standing relationships with over 38,500 clients. Quilter Cheviot and our parent company continue to invest in our people, systems and infrastructure to provide services and products to meet our clients' requirements and comply with the rules and expectations of our Regulators.



Our people

Clients can have confidence in the level of continuity, stability and expertise they receive. Clients and financial advisers have direct contact with a dedicated investment manager who is responsible for delivering the service and managing their portfolio. With 14 offices across the UK, Ireland, Jersey and Dubai, clients can meet their investment manager and their team at the office that is most convenient for them.

We pride ourselves on the expertise of our investment managers, who have an average of over 10 years' service at Quilter Cheviot and 19 years in the financial sector. All undertake continual professional development to keep them abreast of changes in the investment world and in client care, including understanding vulnerability and inclusion.

Research is the cornerstone of our business. Our 20-strong research team work with our investment managers to provide access to investment insights and strategies globally. Our unbiased and impartial approach means the investment manager can build an investment portfolio that is tailored to the client's needs and can evolve with them.

Investment process

Responsible investment is built into our research and the management of portfolios. This includes consideration of ESG and stewardship factors in investment selection as well as active engagement with companies, including voting.

The service offers multi-asset portfolios, so all clients benefit from the research conducted by the firm, into asset allocation, stock, bond or fund selection.

Financial Strength

Our operational efficiency and processes are key to the smooth running of accounts and provide assurance that our custody arrangements are secure and clients money is kept safe.

Quilter Cheviot is regulated by the FCA and is part of Quilter plc, a leading provider of financial advice, investments and wealth management with over £106.7 billion in client investments (as at 31 December 2023). This comes with financial strength and assurance to give confidence to our clients that Quilter Cheviot is equipped and manages to provide the service and investment outcomes now and into the future.

About the APS

The service offers continuous support to clients in the management of their investments. Using the firm's wide range of investment research, the investment manager actively monitors the client's portfolio and will provide recommendations for any change to the investments that are in the client's best interest. The client is then able to make an informed decision on whether to proceed with the recommendation. The investment manager also provides reporting to the client and can be in regular contact with the client to respond to changes in their needs and requirements.

The service includes the investment management of the portfolio, suitability assessment of the investments, full portfolio reporting, custody of assets payment of withdrawals from the portfolio or reinvestment of income, client meetings and reporting.

There are 245 clients using the service with around £330m under management.

Our investment process supports 8 main strategies at an asset allocation level and maintains a number of models per strategy. The client's portfolio is aligned to one of these models depending on their objectives, requirements and personal preferences.

Distribution strategy

The APS is distributed through two key channels, either advised by a regulated financial adviser or directly to clients. Where an adviser is involved, aspects of the relationship management with the clients can be shared.

Quilter Cheviot facilitates initial and ongoing adviser charges and has controls in place to ensure that the levels of charges are reasonable.

The service is distributed in line with the target market www.quiltercheviot.com/target-market



The Assessment

The assessment is based around five main pillars:



Product and service design

- How Quilter Cheviot ensures that our products and services are designed and supported to meet the needs of the client including those with vulnerabilities.



Price and value - performance

- As part of the client outcome, we look at the performance of the portfolios against cash return and the strategy benchmark as well as the expected maximum draw-down.



Price and value - cost

- The charges for the service and costs of the portfolio including the charges of any funds that are held.



Client understanding

- How we ensure that our documentation including our cost and charges reports are understood by the client and how we ensure that we meet the needs of vulnerable clients.



Client service and support

- An assessment of the service we offer, the timely delivery of reporting, the security of data, the quality of client contact, updates for suitability assessments and the interest paid on cash deposits.

The assessment is based over 30 different topics that can be measured to provide a summary of our standard or achievement. Each item is red-amber-green (RAG) rated leading to an overall assessment.

The Advisory Portfolio Service (APS) provides value for clients who want to make their own investment decisions in response to recommendations provided by the investment manager on investments in Quilter Cheviots' custody. Please note that the assessment of performance is based on the average return achieved for portfolios aligned to the strategies and is not an individual portfolio.

What our ratings mean:



Provides good value: expected standard achieved



Provides good value: expected standard achieved but improvement needed



Does not provide good value: action needed to improve or change

Assessment of value - summary of our findings

Assessment of value - summary			
Product and Service	How does Quilter Cheviot (QC) design and manage its propositions in the interests of the end-customers?	The firm's culture puts the client in the centre of the business. The investment managers, research team, operational team and governance of Quilter Cheviot are resourced and focused on providing a good outcome to the client.	
Price and Value-Performance	How have customer portfolios performed?	Due to the nature of the Advisory Portfolio Service, the performance will depend on the timing of transactions and whether recommendations were agreed by the client, as a consequence, the performance of portfolios will vary between clients and is not a factor that can provide evidence of the value of the service.	N/A
Price and Value-Costs	Can customers expect a positive return after costs?	The expected and actual cost of our APS investment solution are within a range that is modelled to provide a positive investment return to the client net of costs over the investment cycle. There are no changes anticipated to Quilter Cheviot charges.	N/A
Client Understanding	Does the information provided help the customer to understand the service and their portfolio?	Our biennial client survey gained client feedback and confirmation of their understanding of the information we publish. In the 2023 survey the client experience results, and overall satisfaction were high; and in response to Client feedback, we produced a guide to investment reports to help Clients gain an understanding of each page of our quarterly reports. Information documents including cost and charges reports are provided on time. We have mature processes in place to support vulnerable clients and have implemented changes to our website to improve access and understanding.	
Client Service and Support	Have customers received an appropriate level of customer service and do we expect to provide good service in the future)?	The service offered to clients has been delivered to the expected standard. When benchmarked against our peer group, the client survey indicated that our service levels are above average.	

A more detailed breakdown of our Assessment of Value is available on request from your investment manager or Business Development Manager.



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Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. You may not recover what you invest.